

State of Arizona
House of Representatives
Forty-fifth Legislature
First Regular Session
2001

CHAPTER 374

HOUSE BILL 2238

AN ACT

AMENDING SECTIONS 36-797 AND 36-2921, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 29, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-2921; AMENDING LAWS 2001, CHAPTER 234, SECTION 2; PROVIDING FOR DELAYED REPEAL OF SECTION 36-2921, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; MAKING APPROPRIATIONS; RELATING TO THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 36-797, Arizona Revised Statutes, is amended to
3 read:

4 36-797. Health crisis fund; definition

5 A. The health crisis fund is established consisting of monies
6 allocated to the fund from the medically needy account of the tobacco tax and
7 health care fund established pursuant to section 36-774.

8 B. On July 1 each fiscal year, sufficient monies from the medically
9 needy account to establish a fund balance of one million dollars shall be
10 deposited in the health crisis fund. Expenditures from the health crisis
11 fund shall not exceed one million dollars annually. The fund balance shall
12 not exceed one million dollars but may fall below this amount during a fiscal
13 year as a result of approved expenditures. All interest earned on the monies
14 in the fund shall be credited to the medically needy account. Monies in the
15 fund are exempt from the provisions of section 35-190 relating to lapsing of
16 appropriations.

17 C. If the governor determines and declares by executive order that a
18 health crisis or a significant potential for a health crisis exists in this
19 state, the governor may authorize specific liabilities and expenses to be
20 incurred and paid as claims against this state from monies in the health
21 crisis fund. Before the governor authorizes any liabilities or expenditures,
22 the governor shall specifically justify why the health crisis was not
23 considered a contingency or an emergency pursuant to section 35-192. THE
24 GOVERNOR SHALL SUBMIT A COPY OF THE EXECUTIVE ORDER TO THE DIRECTOR OF THE
25 JOINT LEGISLATIVE BUDGET COMMITTEE WHEN MONIES IN THE HEALTH CRISIS FUND ARE
26 SET ASIDE FOR A HEALTH CRISIS OR A SIGNIFICANT POTENTIAL FOR A HEALTH CRISIS
27 THAT EXISTS IN THIS STATE.

28 D. Liabilities and expenses that are authorized under subsection C of
29 this section may be incurred for the following:

30 1. Reimbursement for reasonable and related health treatment expenses
31 that are incurred by health care facilities or providers rendering care for
32 persons who have no health coverage and who are affected by the health
33 crisis.

34 2. Reimbursement for research costs to determine:

35 (a) The cause of the health crisis.

36 (b) The impact of the health crisis on the health status of the
37 surrounding neighborhood, community, region or other area.

38 (c) The steps that could be taken to mitigate or resolve the crisis.

39 3. Reimbursement for expenses that are incurred to prevent the onset
40 of a health crisis or to respond to an existing health crisis.

41 E. The director of the department of health services shall review the
42 liabilities incurred and the expenditures made under this section and shall
43 report to the director of the joint legislative budget committee within
44 ninety days after the termination of the crisis. The director shall report

1 by August 1 of each year to the legislature on the expenditures from the
2 health crisis fund during the preceding fiscal year.

3 F. Liabilities that are incurred under this section are subject to the
4 following limitations:

5 1. Liability shall not be incurred against the monies that are
6 authorized for each crisis without the approval of the governor or the
7 director of the department of health services.

8 2. An obligation of monies may be made under this section only if one
9 or more of the following conditions exist:

10 (a) No appropriation or other authorization is available to address
11 the crisis.

12 (b) Any available appropriation or other authorization is insufficient
13 to address the crisis.

14 (c) Federal monies that are available for a crisis are conditioned on
15 an initial expenditure of state or other public monies or require state or
16 other public monies to be used for matching purposes.

17 G. The director of the department of health services shall seek
18 reimbursement for health crisis fund expenditures if appropriate sources of
19 reimbursement exist. Monies that are recovered pursuant to this subsection
20 shall be deposited in the medically needy account of the tobacco tax and
21 health care fund.

22 H. The director of the department of health services shall adopt rules
23 for administering monies that are authorized for liabilities under this
24 section, including reimbursement procedures and limitations, subject to the
25 governor's approval.

26 I. For the purposes of this section, "crisis" or "health crisis" means
27 a situation in which the health status of an area in this state is, was or
28 could be adversely affected but in which the nature of the crisis does not
29 meet the standard of an emergency, contingency or menace under section 35-192
30 or a state of emergency as defined in section 26-301. Health crisis includes
31 local or regional chemical contaminations, basic health services delivery
32 disruptions, caused by unforeseen circumstances, in medically underserved
33 areas as prescribed by section 36-2352, localized outbreaks of a disease or
34 a potential outbreak of a disease that has a reasonable possibility of
35 occurring and that poses a significant threat to a community or region in
36 this state.

37 Sec. 2. Section 36-2921, Arizona Revised Statutes, is amended to read:

38 36-2921. Tobacco tax allocation

39 A. Subject to the availability of monies in the medically needy
40 account established pursuant to section 36-774 the administration shall use
41 the monies in the account in the following order:

42 1. The administration shall withdraw the amount necessary to pay the
43 state share of costs for providing health care services to any person who is
44 eligible pursuant to section 36-2901, paragraph 4, subdivisions (a), (c) and
45 (h) and who becomes eligible for a heart, lung, heart-lung, liver or

1 autologous and allogeneic bone marrow transplant pursuant to section 36-2907,
2 subsection A, paragraph 11, subdivision (d) as determined by the
3 administrator and to any person who is eligible pursuant to section 36-2901,
4 paragraph 4, subdivision (b) and who becomes eligible for a lung or
5 heart-lung transplant pursuant to section 36-2907, subsection A, paragraph
6 11, subdivision (b), as determined by the administrator.

7 2. Beginning on August 1, 1995 and on the first day of each month
8 until July 1, 1998, the sum of one million two hundred fifty thousand dollars
9 shall be transferred from the medically needy account to the medical services
10 stabilization fund for uses as prescribed in section 36-2922.

11 3. The administration shall withdraw the sum of nine million two
12 hundred fifty-one thousand one hundred dollars in fiscal year 1998-1999 for
13 deposit in the children's health insurance program fund established by
14 section 36-2995 to pay the state share of the children's health insurance
15 program established pursuant to article 4 of this chapter.

16 4. From and after August 1, 1995 and each year thereafter, the
17 administration shall transfer the following monies to the department of
18 health services to be allocated as follows if the department awards a
19 contract:

20 ~~(a) Five million dollars, for the mental health grant program~~
21 ~~established pursuant to section 36-3414.~~

22 (b) (a) Six million dollars, for primary care services established
23 pursuant to section 36-2907.05. NOTWITHSTANDING SECTION 36-2907.05, OF THE
24 AMOUNT TRANSFERRED PURSUANT TO THIS SUBDIVISION FOR FISCAL YEARS 2001-2002
25 AND 2002-2003, FIVE HUNDRED THOUSAND DOLLARS SHALL BE DISTRIBUTED TO
26 COMMUNITY BASED PRIMARY CARE PROGRAMS TO PROVIDE PRIMARY CARE OR URGENT CARE
27 SERVICES DURING EVENING AND WEEKEND HOURS.

28 (c) (b) FOR FISCAL YEAR 2001-2002 five million dollars, for grants
29 to the qualifying community health centers established pursuant to section
30 36-2907.06, subsection A.

31 (c) FOR FISCAL YEAR 2002-2003 AND EACH FISCAL YEAR THEREAFTER FOUR
32 MILLION SEVEN HUNDRED FORTY THOUSAND DOLLARS, FOR GRANTS TO THE QUALIFYING
33 COMMUNITY HEALTH CENTERS ESTABLISHED PURSUANT TO SECTION 36-2907.06,
34 SUBSECTION A.

35 5. The administration shall transfer ~~up to five hundred~~ THREE HUNDRED
36 SEVENTY-FIVE thousand dollars ~~for fiscal years 1997-1998, 1998-1999 and~~
37 ~~1999-2000~~ ANNUALLY for pilot programs providing detoxification services in
38 counties having a population of five hundred thousand persons or less
39 ~~according to the most recent United States decennial census.~~ OF THE MONIES
40 TRANSFERRED PURSUANT TO THIS PARAGRAPH, TWO HUNDRED FIFTY THOUSAND DOLLARS
41 SHALL BE DISTRIBUTED TO A PROGRAM THAT PROVIDES DETOXIFICATION TREATMENT AND
42 SERVICES THROUGH A LONG-TERM SOCIAL MODEL DETOXIFICATION PROGRAM THAT
43 EMPHASIZES REHABILITATION AND ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS SHALL
44 BE DISTRIBUTED TO A PROGRAM THAT PROVIDES SHORT-TERM DETOXIFICATION TREATMENT
45 AND SERVICES AND IS PART OF A CONTINUUM OF DETOXIFICATION TREATMENT.

1 6. The administration shall transfer up to two hundred fifty thousand
2 dollars annually for fiscal years 1995-1996, 1996-1997, 1997-1998, 1998-1999,
3 and 1999-2000, 2001-2002 AND 2002-2003 for telemedicine pilot programs
4 designed to facilitate the provision of medical services to persons living
5 in medically underserved areas as provided in section 36-2352.

6 7. The administration shall transfer up to two hundred fifty thousand
7 dollars annually beginning in fiscal year 1996-1997 for contracts by the
8 department of health services with nonprofit organizations that primarily
9 assist in the management of end stage renal disease and related problems.
10 Contracts shall not include payments for transportation of patients for
11 dialysis.

12 8. Contingent on the existence of a premium sharing demonstration
13 project fund, beginning October 1, 1996 and until September 30, 1999, the
14 administration shall withdraw the sum of twenty million dollars in each of
15 fiscal years 1996-1997, 1997-1998 and 1998-1999 for deposit in the premium
16 sharing demonstration project fund established by section 36-2923 to provide
17 health care services to any person who is eligible for an Arizona health care
18 cost containment system premium sharing demonstration program enacted by the
19 legislature. The Arizona health care cost containment system premium sharing
20 demonstration program enacted by the legislature shall not be an entitlement
21 program. Beginning on October 1, 1997, the administration shall annually
22 withdraw monies from the medically needy account not to exceed four per cent
23 of the sum of any monies transferred pursuant to this paragraph for
24 administrative costs associated with the premium sharing demonstration
25 project. Administrative costs in excess of two per cent shall be funded from
26 the interest payments from the twenty million dollars withdrawn from the
27 medically needy account to fund the premium sharing program pursuant to this
28 paragraph.

29 9. Subject to the availability of monies, the Arizona health care cost
30 containment system administration shall transfer to the department of health
31 services up to five million dollars in fiscal years 1996-1997 and 1997-1998
32 and two million five hundred thousand dollars in fiscal year 1998-1999 for
33 providing nonentitlement funding for a basic children's medical services
34 program established by section 36-2907.08. The administration may also
35 withdraw and transfer to the department amounts for program evaluation and
36 for administrative costs as prescribed in section 36-2907.08.

37 10. Subject to the availability of monies, the sum of one million
38 dollars shall be transferred annually to the health crisis fund for use as
39 prescribed in section 36-797.

40 11. Subject to the availability of monies, the Arizona health care cost
41 containment system administration shall transfer to the aging and adult
42 administration in the department of economic security the sum of five hundred
43 thousand dollars annually beginning in fiscal year 1997-1998 for services
44 provided pursuant to section 46-192, subsection A, paragraph 4. Services

1 shall be used for persons who meet the low income eligibility criteria
2 developed by the aging and adult administration.

3 12. Subject to the availability of monies, the Arizona health care cost
4 containment system administration shall transfer to the department of health
5 services the sum of ~~two hundred~~ SEVENTY thousand dollars annually beginning
6 in fiscal year 1998-1999 for contracts entered into pursuant to section
7 36-132, subsection D, with hospitals that are licensed by the department of
8 health services and that perform nonrenal organ transplant operations. These
9 contracts shall not include payments for transportation to and from treatment
10 facilities.

11 13. Subject to the availability of monies, the Arizona health care cost
12 containment system administration shall annually transfer to the department
13 of health services the sum of one hundred eleven thousand two hundred dollars
14 to implement the rural private primary care provider loan repayment program
15 established pursuant to section 36-2174. The department shall not use these
16 monies for administrative costs. The transfers made pursuant to this
17 paragraph are exempt from the provisions of section 35-190 relating to
18 lapsing of appropriations.

19 14. SUBJECT TO THE AVAILABILITY OF MONIES, THE ADMINISTRATION SHALL
20 TRANSFER TO THE DEPARTMENT OF HEALTH SERVICES THE SUM OF TWO HUNDRED FIFTY
21 THOUSAND DOLLARS IN FISCAL YEAR 2001-2002 FOR THE PROVISION OF PRIMARY HEALTH
22 CARE SERVICES IN AN AREA OF THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
23 DESIGNATED AS THE TUCSON INTERNATIONAL AIRPORT AREA SUPERFUND SITE IN 1983
24 DUE TO CONTAMINATION FROM TRICHLOROETHYLENE. THE TRANSFER MADE PURSUANT TO
25 THIS PARAGRAPH IS EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO
26 LAPSING OF APPROPRIATIONS. THE DEPARTMENT OF HEALTH SERVICES IS EXEMPT FROM
27 THE PROCUREMENT CODE REQUIREMENT OF TITLE 41, CHAPTER 23, FOR PURPOSES
28 RELATING TO THIS PARAGRAPH.

29 B. The department of health services shall establish an accounting
30 procedure to ensure that all funds transferred pursuant to this section are
31 maintained separately from any other funds.

32 C. The administration shall annually withdraw monies from the
33 medically needy account in the amount necessary to reimburse the department
34 of health services for administrative costs to implement each program
35 established pursuant to subsection A of this section not to exceed four per
36 cent of the amount transferred for each program.

37 D. The administration shall annually withdraw monies from the
38 medically needy account in the amount necessary to reimburse the department
39 of health services for the evaluations as prescribed by section 36-2907.07.

40 E. The administration shall annually report, no later than November
41 1, to the director of the joint legislative budget committee the annual
42 revenues deposited in the medically needy account and the estimated
43 expenditures needed in the subsequent year to provide funding for services
44 provided in subsection A, paragraph 1 of this section. The administration
45 shall immediately report to the director of the joint legislative budget

1 committee if at any time the administration estimates that the amount
2 available in the medically needy account will not be sufficient to fund the
3 maximum allocations established in this section.

4 Sec. 3. Title 36, chapter 29, article 1, Arizona Revised Statutes, is
5 amended by adding section 36-2921, to read:

6 36-2921. Tobacco tax and health care fund medically needy
7 account allocations

8 A. SUBJECT TO THE AVAILABILITY OF MONIES IN THE MEDICALLY NEEDY
9 ACCOUNT ESTABLISHED BY SECTION 36-774, THE ARIZONA HEALTH CARE COST
10 CONTAINMENT SYSTEM ADMINISTRATION SHALL DISTRIBUTE THE AMOUNT DEPOSITED IN
11 THE ACCOUNT PURSUANT TO SECTION 36-774 EACH YEAR TO THE FOLLOWING PROGRAMS
12 BASED ON THE FOLLOWING PERCENTAGES:

13 1. THE ADMINISTRATION SHALL WITHDRAW .56 PER CENT TO PAY THE STATE
14 SHARE OF COSTS FOR PROVIDING HEALTH CARE SERVICES TO ANY PERSON WHO IS
15 ELIGIBLE PURSUANT TO SECTION 36-2901, PARAGRAPH 4, SUBDIVISION (a), (c) OR
16 (h) AND WHO BECOMES ELIGIBLE FOR A HEART, LUNG, HEART-LUNG, LIVER OR
17 AUTOLOGOUS AND ALLOGENEIC BONE MARROW TRANSPLANT PURSUANT TO SECTION 36-2907,
18 SUBSECTION A, PARAGRAPH 11, SUBDIVISION (d) AS DETERMINED BY THE
19 ADMINISTRATOR AND TO ANY PERSON WHO IS ELIGIBLE PURSUANT TO SECTION 36-2901,
20 PARAGRAPH 4, SUBDIVISION (b) AND WHO BECOMES ELIGIBLE FOR A LUNG OR
21 HEART-LUNG TRANSPLANT PURSUANT TO SECTION 36-2907, SUBSECTION A, PARAGRAPH
22 11, SUBDIVISION (b), AS DETERMINED BY THE ADMINISTRATOR.

23 2. THE ADMINISTRATION SHALL TRANSFER THE FOLLOWING AMOUNTS TO THE
24 DEPARTMENT OF HEALTH SERVICES TO BE ALLOCATED AS FOLLOWS IF THE DEPARTMENT
25 AWARDS A CONTRACT:

26 (a) 6.68 PER CENT FOR PRIMARY CARE SERVICES ESTABLISHED PURSUANT TO
27 SECTION 36-2907.05.

28 (b) 5.28 PER CENT FOR GRANTS TO THE QUALIFYING COMMUNITY HEALTH
29 CENTERS ESTABLISHED PURSUANT TO SECTION 36-2907.06, SUBSECTION A.

30 3. THE ADMINISTRATION SHALL TRANSFER .28 PER CENT FOR CONTRACTS BY THE
31 DEPARTMENT OF HEALTH SERVICES WITH NONPROFIT ORGANIZATIONS THAT PRIMARILY
32 ASSIST IN THE MANAGEMENT OF END STAGE RENAL DISEASE AND RELATED PROBLEMS.
33 CONTRACTS SHALL NOT INCLUDE PAYMENTS FOR TRANSPORTATION OF PATIENTS FOR
34 DIALYSIS.

35 4. CONTINGENT ON THE EXISTENCE OF A PREMIUM SHARING FUND, THE
36 ADMINISTRATION SHALL WITHDRAW 21.40 PER CENT FOR DEPOSIT IN THE PREMIUM
37 SHARING DEMONSTRATION PROJECT FUND ESTABLISHED BY SECTION 36-2923 TO PROVIDE
38 HEALTH CARE SERVICES TO ANY PERSON WHO IS ELIGIBLE FOR AN ARIZONA HEALTH CARE
39 COST CONTAINMENT SYSTEM PREMIUM SHARING PROGRAM ENACTED BY THE
40 LEGISLATURE. THE ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM PREMIUM SHARING
41 PROGRAM ENACTED BY THE LEGISLATURE SHALL NOT BE AN ENTITLEMENT PROGRAM. THE
42 ADMINISTRATION SHALL ANNUALLY WITHDRAW MONIES FROM THE MEDICALLY NEEDY
43 ACCOUNT NOT TO EXCEED FOUR PER CENT OF THE SUM OF ANY MONIES TRANSFERRED
44 PURSUANT TO THIS PARAGRAPH FOR ADMINISTRATIVE COSTS ASSOCIATED WITH THE
45 PREMIUM SHARING PROJECT. ADMINISTRATIVE COSTS IN EXCESS OF TWO PER CENT

1 SHALL BE FUNDED FROM THE INTEREST PAYMENTS FROM THE AMOUNT WITHDRAWN FROM THE
2 MEDICALLY NEEDY ACCOUNT TO FUND THE PREMIUM SHARING PROGRAM PURSUANT TO THIS
3 PARAGRAPH.

4 5. THE ADMINISTRATION SHALL TRANSFER 1.07 PER CENT TO THE HEALTH
5 CRISIS FUND FOR USE AS PRESCRIBED IN SECTION 36-797.

6 6. THE ADMINISTRATION SHALL TRANSFER TO THE AGING AND ADULT
7 ADMINISTRATION IN THE DEPARTMENT OF ECONOMIC SECURITY .53 PER CENT FOR
8 SERVICES PROVIDED PURSUANT TO SECTION 46-192, SUBSECTION A,
9 PARAGRAPH 4. SERVICES SHALL BE USED FOR PERSONS WHO MEET THE LOW INCOME
10 ELIGIBILITY CRITERIA DEVELOPED BY THE AGING AND ADULT ADMINISTRATION.

11 7. THE ADMINISTRATION SHALL TRANSFER TO THE DEPARTMENT OF HEALTH
12 SERVICES .08 PER CENT FOR CONTRACTS ENTERED INTO PURSUANT TO SECTION 36-132,
13 SUBSECTION D, WITH HOSPITALS THAT ARE LICENSED BY THE DEPARTMENT OF HEALTH
14 SERVICES AND THAT PERFORM NONRENAL ORGAN TRANSPLANT OPERATIONS. THESE
15 CONTRACTS SHALL NOT INCLUDE PAYMENTS FOR TRANSPORTATION TO AND FROM TREATMENT
16 FACILITIES.

17 8. THE ADMINISTRATION SHALL TRANSFER TO THE DEPARTMENT OF HEALTH
18 SERVICES .12 PER CENT TO IMPLEMENT THE RURAL PRIVATE PRIMARY CARE PROVIDER
19 LOAN REPAYMENT PROGRAM ESTABLISHED BY SECTION 36-2174. THE DEPARTMENT SHALL
20 NOT USE THESE MONIES FOR ADMINISTRATIVE COSTS. THE TRANSFERS MADE PURSUANT
21 TO THIS PARAGRAPH ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING
22 TO LAPSING OF APPROPRIATIONS.

23 9. THE ADMINISTRATION SHALL WITHDRAW 12.44 PER CENT TO CONTINUE THE
24 SCHEDULED PHASEOUT OF THE QUICK PAYMENT DISCOUNT REQUIRED BY:

25 (a) LAWS 1992, CHAPTER 302, SECTION 14, AS AMENDED BY LAWS 1993,
26 SECOND SPECIAL SESSION, CHAPTER 6, SECTION 27 AND LAWS 1995, FIRST SPECIAL
27 SESSION, CHAPTER 5, SECTION 6.

28 (b) LAWS 1993, SECOND SPECIAL SESSION, CHAPTER 6, SECTION 29, AS
29 AMENDED BY LAWS 1995, FIRST SPECIAL SESSION, CHAPTER 5, SECTION 8 AND LAWS
30 1999, CHAPTER 313, SECTION 32.

31 10. THE ADMINISTRATION SHALL WITHDRAW 10.70 PER CENT TO DISCONTINUE THE
32 ANNUAL DISCOUNT ON PRIVATE HOSPITAL REIMBURSEMENT REQUIRED BY LAWS 1993,
33 SECOND SPECIAL SESSION, CHAPTER 6, SECTION 39, AS AMENDED BY LAWS 1995, FIRST
34 SPECIAL SESSION, CHAPTER 5, SECTION 10.

35 11. THE ADMINISTRATION SHALL WITHDRAW 4.87 PER CENT TO PROVIDE COVERAGE
36 FOR AN EXTENDED MATERNITY LENGTH OF STAY OF NO LESS THAN FORTY-EIGHT HOURS
37 AFTER A NORMAL DELIVERY OR NINETY-SIX HOURS AFTER A CAESAREAN SECTION.

38 12. THE ADMINISTRATION SHALL WITHDRAW 1.44 PER CENT TO FUND THE COST
39 OF HIV/AIDS DRUG TREATMENT AND THE MEDICAL COSTS ASSOCIATED WITH THE
40 ADMINISTRATION AND MONITORING OF THE TREATMENT.

41 13. THE ADMINISTRATION SHALL TRANSFER 23.48 PER CENT TO THE CHILDREN'S
42 HEALTH INSURANCE PROGRAM FUND ESTABLISHED BY SECTION 36-2995 FOR STATE
43 MATCHING MONIES FOR THE CHILDREN'S HEALTH INSURANCE PROGRAM. BEFORE THE
44 WITHDRAWAL OF THESE MONIES, THE ADMINISTRATION SHALL EXPEND ANY MEDICALLY

1 NEEDY ACCOUNT MONIES REMAINING IN THE CHILDREN'S HEALTH INSURANCE PROGRAM
2 FUND FROM PRIOR YEAR APPROPRIATIONS.

3 14. THE ADMINISTRATION SHALL TRANSFER 1.07 PER CENT TO THE DEPARTMENT
4 OF HEALTH SERVICES FOR AIDS MEDICATIONS PROVIDED THROUGH THE ARIZONA DRUG
5 ASSISTANCE PROGRAM.

6 15. THE ADMINISTRATION SHALL TRANSFER 8.56 PER CENT TO THE DEPARTMENT
7 OF HEALTH SERVICES FOR PSYCHOTROPIC MEDICATIONS FOR SERIOUSLY MENTALLY ILL
8 PERSONS WHO ARE NOT ELIGIBLE FOR TITLE XIX.

9 16. THE ADMINISTRATION SHALL TRANSFER .51 PER CENT TO THE DEPARTMENT
10 OF HEALTH SERVICES FOR THE ARIZONA STATEWIDE IMMUNIZATION INFORMATION SYSTEM.

11 17. THE ADMINISTRATION SHALL TRANSFER .37 PER CENT TO THE DEPARTMENT
12 OF HEALTH SERVICES FOR HEPATITIS C DISEASE SURVEILLANCE.

13 B. THE DEPARTMENT OF HEALTH SERVICES SHALL ESTABLISH AN ACCOUNTING
14 PROCEDURE TO ENSURE THAT ALL FUNDS TRANSFERRED PURSUANT TO THIS SECTION ARE
15 MAINTAINED SEPARATELY FROM ANY OTHER FUNDS.

16 C. THE DEPARTMENT OF HEALTH SERVICES MAY USE UP TO FOUR PER CENT OF
17 THE AMOUNT TRANSFERRED FOR EACH PROGRAM ESTABLISHED PURSUANT TO SUBSECTION
18 A OF THIS SECTION FOR ADMINISTRATIVE COSTS TO IMPLEMENT EACH PROGRAM.

19 D. THE ADMINISTRATION SHALL ANNUALLY WITHDRAW .39 PER CENT FROM THE
20 MEDICALLY NEEDY ACCOUNT TO REIMBURSE THE DEPARTMENT OF HEALTH SERVICES FOR
21 THE EVALUATIONS PRESCRIBED BY SECTION 36-2907.07.

22 Sec. 4. Laws 2001, chapter 234, section 2 is amended to read:

23 Sec. 2. AHCCCS withdrawals; purposes; transfer

24 A. Notwithstanding any other law, for fiscal year 2001-2002, the
25 Arizona health care cost containment system administration shall withdraw,
26 as necessary, the sum of \$65,200,200 from the medically needy account of the
27 tobacco tax and health care fund established pursuant to section 36-774,
28 Arizona Revised Statutes, subject to the availability of monies in the
29 account for the following purposes and the withdrawals shall be made before
30 the withdrawals for those purposes prescribed in section 36-2921, Arizona
31 Revised Statutes:

32 1. \$10,398,200 to continue the scheduled phaseout of the quick payment
33 discount required by:

34 (a) Laws 1992, chapter 302, section 14, as amended by Laws 1993,
35 second special session, chapter 6, section 27 and Laws 1995, first special
36 session, chapter 5, section 6.

37 (b) Laws 1993, second special session, chapter 6, section 29, as
38 amended by Laws 1995, first special session, chapter 5, section 8 and Laws
39 1999, chapter 313, section 32.

40 2. \$10,000,000 to discontinue the annual ten million dollar discount
41 on private hospital reimbursement required by Laws 1993, second special
42 session, chapter 6, section 39, as amended by Laws 1995, first special
43 session, chapter 5, section 10.

1 3. \$4,422,600 to provide coverage for an extended maternity length of
2 stay of no less than forty-eight hours after a normal delivery or ninety-six
3 hours after a caesarean section.

4 4. \$1,349,600 to fund the cost of HIV/AIDS drug treatment and the
5 medical costs associated with the administration and monitoring of the
6 treatment.

7 5. \$4,542,200 for state match to continue funding to replace federal
8 monies reduced due to lower federal matching assistance percentage for prior
9 fiscal years.

10 6. \$5,276,000 to fund fifty per cent of the cost of medical inflation
11 in fiscal year 1999-2000.

12 7. Up to \$18,384,600 to be deposited in the children's health
13 insurance program fund established by section 36-2995, Arizona Revised
14 Statutes, for state matching monies for the children's health insurance
15 program. Before the withdrawal of these monies, the administration shall
16 expend any medically needy account monies remaining in the children's health
17 insurance program fund from prior year appropriations.

18 8. \$1,000,000 to be transferred to the department of health services
19 for AIDS medications provided through the Arizona drug assistance program.

20 9. \$8,000,000 to be transferred to the department of health services
21 for psychotropic medications for seriously mentally ill persons who are not
22 eligible for Title XIX. OF THIS AMOUNT, UP TO \$2,000,000 MAY BE USED FOR
23 NON-SERIOUSLY MENTALLY ILL SERVICES TO NON-TITLE XIX CLIENTS.

24 10. \$1,000,000 to be transferred to the department of health services
25 for community health centers.

26 11. \$477,000 to be transferred to the department of health services for
27 the Arizona statewide immunization information system.

28 12. \$350,000 to be transferred to the department of health services for
29 Hepatitis C disease surveillance.

30 B. Notwithstanding any other law, for fiscal year 2002-2003, the
31 Arizona health care cost containment system administration shall withdraw,
32 as necessary, the sum of \$69,124,200 from the medically needy account of the
33 tobacco tax and health care fund established pursuant to section 36-774,
34 Arizona Revised Statutes, subject to the availability of monies in the
35 account for the following purposes and the withdrawals shall be made before
36 the withdrawals for those purposes prescribed in section 36-2921, Arizona
37 Revised Statutes:

38 1. \$11,630,000 to continue the scheduled phaseout of the quick payment
39 discount required by:

40 (a) Laws 1992, chapter 302, section 14, as amended by Laws 1993,
41 second special session, chapter 6, section 27 and Laws 1995, first special
42 session, chapter 5, section 6.

43 (b) Laws 1993, second special session, chapter 6, section 29, as
44 amended by Laws 1995, first special session, chapter 5, section 8 and Laws
45 1999, chapter 313, section 32.

2. \$10,000,000 to discontinue the annual ten million dollar discount on private hospital reimbursement required by Laws 1993, second special session, chapter 6, section 39, as amended by Laws 1995, first special session, chapter 5, section 10.

3. \$4,555,300 to provide coverage for an extended maternity length of stay of no less than forty-eight hours after a normal delivery or ninety-six hours after a caesarean section.

4. \$1,349,600 to fund the cost of HIV/AIDS drug treatment and the medical costs associated with the administration and monitoring of the treatment.

5. \$4,542,200 for state match to continue funding to replace federal monies reduced due to lower federal matching assistance percentage for prior fiscal years.

6. \$5,276,000 to continue funding for fifty per cent of the cost of medical inflation from fiscal year 1999-2000.

7. \$21,944,100 to be deposited in the children's health insurance program fund established by section 36-2995, Arizona Revised Statutes, for state matching monies for the children's health insurance program.

8. \$1,000,000 to be transferred to the department of health services for AIDS medications provided through the Arizona drug assistance program.

9. \$8,000,000 to be transferred to the department of health services for psychotropic medications for seriously mentally ill persons who are not eligible for Title XIX. OF THIS AMOUNT, UP TO \$2,000,000 MAY BE USED FOR NON-SERIOUSLY MENTALLY ILL SERVICES TO NON-TITLE XIX CLIENTS.

10. \$477,000 to be transferred to the department of health services for the Arizona statewide immunization information system.

11. \$350,000 to be transferred to the department of health services for Hepatitis C disease surveillance.

C. The Arizona health care cost containment system administration may transfer monies between the amounts listed in subsection A, paragraphs 1 through 5 of this section to other amounts listed in subsection A, paragraphs 1 through 5 of this section and between the amounts listed in subsection B, paragraphs 1 through 5 of this section to other amounts listed in subsection B, paragraphs 1 through 5 of this section after review by the joint legislative budget committee.

Sec. 5. Appropriation; purpose; exemption

A. The sum of \$500,000 is appropriated from the medically needy account established by section 36-774, Arizona Revised Statutes, in fiscal year 2000-2001 to the department of health services for emergency vaccines.

B. The appropriation made in subsection A of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

Sec. 6. Appropriations; purpose

A. In addition to any other appropriation provided by law, the sum of \$200,000 is appropriated from the medically needy account established by

1 section 36-774, Arizona Revised Statutes, in each of fiscal years 2001-2002
2 and 2002-2003 to the department of health services for distribution as
3 follows to the following counties to reimburse local health departments
4 pursuant to section 36-189, Arizona Revised Statutes:

5 1. Coconino, \$36,220.

6 2. Gila, \$5,440.

7 3. Mohave, \$30,780.

8 4. Yavapai, \$25,820.

9 5. Yuma, \$101,740.

10 B. Monies appropriated pursuant to this section shall be used to
11 supplement and not supplant existing local health department expenditures.

12 Sec. 7. Telemedicine; public school; pilot project;
13 appropriation; purpose; exemption

14 A. The Arizona telemedicine program at the university of Arizona shall
15 enter into an agreement with a school district in a county with a population
16 of more than two million persons to establish a one year telemedicine pilot
17 project to determine the efficacy of using telemedicine technology in school
18 health clinics.

19 B. The Arizona telemedicine program shall submit a written report of
20 its findings and recommendations to the governor, the speaker of the house
21 of representatives and the president of the senate on or before November 15,
22 2002 and shall provide a copy of the report to the secretary of state and the
23 director of the Arizona state library, archives and public records.

24 C. The sum of \$100,000 is appropriated from the medically needy
25 account established by section 36-774, Arizona Revised Statutes, in fiscal
26 year 2001-2002 to the Arizona telemedicine program at the university of
27 Arizona for the pilot project established by this section.

28 D. The appropriation made in subsection C of this section is exempt
29 from the provisions of section 35-190, Arizona Revised Statutes, relating to
30 lapsing of appropriations.

31 Sec. 8. University of Arizona rural telemedicine behavioral
32 health program; grants; fund; purpose; criteria;
33 appropriation; purpose; exemption

34 A. The university of Arizona college of medicine shall establish a
35 telemedicine behavioral health program to provide telemedicine behavioral
36 health services to rural areas of this state through procurement grants and
37 awards to regional telemedicine behavioral health providers.

38 B. The choice of grant or award recipients shall be based on the
39 following criteria:

40 1. Intent to provide rural health care.

41 2. Priority to sites serving patient populations with the greatest
42 distance from existing medical facilities.

43 3. Priority to patient populations with the greatest overall need.

44 4. Outcome measures for program participants in order to measure the
45 progress and overall success of the program.

5. The cost-effectiveness of the provision of program services.

6. Demonstration by eligible sites of fiscal responsibility and financial ability to continue the program after it has been initiated.

7. Program participant cooperation with other program participants to lower the overall cost of the program.

8. Integration of participating sites with the overall health provider network for each local area.

C. The sum of \$125,000 is appropriated from the medically needy account established by section 36-774, Arizona Revised Statutes, in fiscal year 2001-2002 to the university of Arizona for the procurement of telemedicine behavioral health services in this state to be administered by telemedicine behavioral health entities.

D. The appropriation made in subsection C of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

Sec. 9. Appropriations; purpose; exemption

A. The sum of \$1,500,000 is appropriated from the medically needy account established by section 36-774, Arizona Revised Statutes, in each of fiscal years 2001-2002 and 2002-2003 to the department of health services for the non-title XIX children's behavioral health services, including juvenile court programs.

B. The appropriations made in subsection A of this section are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

Sec. 10. Appropriation; purpose; exemption; definitions

The sum of \$7,000,000 is appropriated from the medically needy account established by section 36-774, Arizona Revised Statutes, in fiscal year 2001-2002 to provide reinsurance to the healthcare group health plans established by section 36-2912, Arizona Revised Statutes, for clean claims submitted to the administration. Reinsurance is available for clean claims submitted by a healthcare group health plan for services that are based on a threshold amount and standards established by the administration in cooperation with the healthcare group health plans. Monies transferred pursuant to this section are exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations to allow the healthcare group health plans sufficient time to submit clean claims. For the purposes of this section:

1. "Clean claims" means claims that can be processed without obtaining additional information from the provider of the service or a third party. Clean claims do not include claims under investigation for fraud or abuse of claims under review for medical necessity.

2. "Reinsurance" means a risk sharing program for healthcare group health plans for reimbursement of the costs of services that are incurred by healthcare group enrollees and that are greater than the monetary threshold

1 established by the administration in cooperation with the healthcare group
2 health plans.

3 Sec. 11. Delayed repeal

4 A. Section 7 of this act, relating to the telemedicine pilot project,
5 is repealed from and after December 15, 2002.

6 B. Section 8 of this act, relating to the telemedicine behavioral
7 health program, is repealed from and after June 30, 2002.

8 C. Section 36-2921, Arizona Revised Statutes, as amended by this act
9 is repealed from and after June 30, 2003.

10 Sec. 12. Effective date

11 Section 36-2921, Arizona Revised Statutes, as added by this act is
12 effective from and after June 30, 2003.

APPROVED BY THE GOVERNOR MAY 8, 2001.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 8, 2001.



Passed the House: March 12, 20 01,

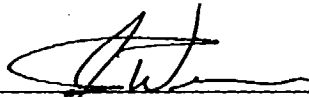
Passed the Senate on reconsideration
April 30, 20 01,

by the following vote: 40 Ayes,

by the following vote: 24 Ayes,


11 Nays, 9 Not Voting

5 Nays, 1 Not Voting


Speaker of the House


President of the Senate


Chief Clerk of the House


Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

 day of , 20 ,

at o'clock M.

Secretary to the Governor

Approved this day of

 , 20 ,

at o'clock M.

Governor of Arizona

H.B. 2238

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this day of , 20 ,

at o'clock M.

Secretary of State

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

May 02, 2001,

by the following vote: 44 Ayes,

11 Nays, 5 Not Voting

Jake Flake
Speaker of the House
Pro Tempore
Norman L. Moore
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

2 day of May, 2001,

at 1:10 o'clock P M.

Sandra Ramirez
Secretary to the Governor

Approved this 14 day of

May, 2001,

at 4:10 o'clock P M.

Janet Napolitano
Governor of Arizona

H.B. 2238

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 8 day of May, 2001,

at 2:35 o'clock P M.

Secretary of State